



John Brenden <senatorbrenden@gmail.com>

Age information related to SB 134

1 message

Clifford, Claudia <CCLifford@aarp.org>

Thu, Jan 17, 2013 at 5:22 PM

To: "senatorbrenden@gmail.com" <senatorbrenden@gmail.com>, "stwito@co.yellowstone.mt.gov" <stwito@co.yellowstone.mt.gov>

Here's some information I received from the research division of the Department of Labor. It's pretty dense, but bottom line is that for many people it would be difficult to earn back any significant amount of money they lost after the age of 60. 38% of the people between age 55 and 64 have retired. Only 26% of people age 65-75 work. It is difficult to find a good paying job once you have retired and are over the age of 60. I hope this helps.

Thanks again for your work on this important bill.

Claudia A. Clifford

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From: Wagner, Barbara [mailto:BWagner@mt.gov]

Sent: Thursday, January 17, 2013 5:05 PM

To: Clifford, Claudia

Subject: RE: earning capacity after age 60?

Claudia-

Here is what I can put together for you on a quick turnaround. The first page of the excel sheet illustrates the earnings by age category in 2011. Unfortunately, the age groups cross over 60 and go from 55 to 65, but I think you can still illustrate your point. The second sheet illustrates what a person's retirement savings would be if they saved 10% of their income from the age of 24 to 65 and earned 5% annual returns, with a bunch of assumptions to make it an easy example. I think you could use this sheet to show how long it would take to get back up to the defrauded amount. The third sheet shows the percent of the population that is employed by age group. We do not actually have data on the average retirement age, which is surprising given all the attention to it, but we can see that the percentage of the population that is employed goes from 62% in the 55 to 64 age group to 26% in the 65 to 75 age group. So that gives us a distribution of retirement age.

Using the information from sheet 2, if a person retired at the age of 55, there would be about \$324,000 in the retirement account. Let's pretend the retiree was immediately defrauded by \$100,000. If he went back to work at age 56 and earned the average salary, he would be earning \$43,047 per year. It would take him four years of earning (and saving 5%) to get back to where he was before. I did the same calculations for age 60 and 65. It really depends on the account balance how fast you "recover" from fraud. If you retire with a higher account balance, the 5% earnings per year quickly cover the \$100,000 that was stolen. But if you increased the stolen amount (just change cell I9, the numbers will automatically update) to bring the account balance down to zero, it would be nearly impossible to recover.

Hope this helps.

Barbara Wagner

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"The trouble with facts is that there are so many of them."

-Samuel McChord Crothers

From: Clifford, Claudia [<mailto:CCLifford@aarp.org>]

Sent: Thursday, January 17, 2013 3:13 PM

To: Wagner, Barbara

Subject: RE: earning capacity after age 60?

The point I want to make is that a person's ability to save enough in 5 or 7 years can't make up for the loss of significant resources. What's the average retirement age – if the age is raised above that point then likely someone needs to go back to work to re-coop the loss, a tough thing to do.

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From: Wagner, Barbara [mailto:BWagner@mt.gov]

Sent: Thursday, January 17, 2013 2:38 PM

To: Clifford, Claudia

Subject: Re: earning capacity after age 60?

Claudia-

I know what you are getting at, and I think we can provide something. To rephrase, you want something that illustrates earning potential by age group, illustrating the fact that even though the earnings of 60+ people are high, they only earn those high earnings for five to ten years. Let me mull over it a bit, and I will send you something. It might be tomorrow.

Thanks!

Connected by DROID on Verizon Wireless

-----Original message-----

From: "Clifford, Claudia" <CCLifford@aarp.org>
To: "Wagner, Barbara" <BWagner@mt.gov>
Sent: Thu, Jan 17, 2013 21:07:22 GMT+00:00
Subject: earning capacity after age 60?

Today at a hearing on SB 134, a bill that improves the elder abuse criminal statute, the question was raised about why the current law defines senior at age 60. I tried to point out that (although most people don't think of age 60 as the defining age for becoming a senior) if a person loses a significant amount of assets at age 60 or older they have very few earning years left to recoup and save the lost retirement funds. Scamming a person at age 60 could really hurt their retirement financial security. A couple of senators wanted data that illustrates this...do you have anything along these lines. Of course the senators want this ASAP.

Feel free to call me if this isn't making sense. Hope you are well.

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 **Earnings by Age Group and Retirement age.xls**
65K